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Counsel for Ad Hoc Group of Subrogation Claim Holders

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

-and-

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the lead
case,
No. 19-30088 (DM)*

Ch. 11 Bankr. Case No. 19-30088 (DM) (Jointly Admin.)

**EX PARTE APPLICATION FOR ORDER
PURSUANT TO L.B.R. 9013-1(c) AUTHORIZING
OVERSIZED BRIEFING FOR THE AD HOC
GROUP OF SUBROGATION CLAIM HOLDERS'
REPLY IN SUPPORT OF DEBTORS' MOTION
PURSUANT TO 11 U.S.C. §§ 363(b) AND 105(A)
AND FED. R. BANKR. P. 6004 AND 9019 FOR
ENTRY OF AN ORDER (I) AUTHORIZING THE
DEBTORS TO ENTER INTO RESTRUCTURING
SUPPORT AGREEMENT WITH THE
CONSENTING SUBROGATION CLAIMHOLDERS,
(II) APPROVING THE TERMS OF SETTLEMENT
WITH SUCH CONSENTING SUBROGATION
CLAIMHOLDERS, INCLUDING THE ALLOWED
SUBROGATION CLAIM AMOUNT, AND (III)
GRANTING RELATED RELIEF**

Related Document: Docket Nos. 3992 4220, 4231, 4232,
4236, 4237, 4239, 4241

[No hearing requested]

1 The Ad Hoc Group of Subrogation Claim Holders (the “**Ad Hoc Subrogation Group**”), by
2 and through their undersigned counsel, hereby submit this *Ex Parte* Application (the
3 “**Application**”), pursuant to Rule 9013-1(c) of the Bankruptcy Local Rules for the United States
4 District Court for the Northern District of California (the “**Bankruptcy Local Rules**”), for an order
5 authorizing the Ad Hoc Subrogation Group to file an oversize brief in connection with the reply (the
6 “**Reply**”) in support of the *Motion Pursuant to 11 U.S.C. §§ 363(b) and 105(a) and Fed. R. Bankr.*
7 *P. 6004 and 9019 for Entry of an Order (I) Authorizing the Debtors to Enter Into Restructuring*
8 *Support Agreement with the Consenting Subrogation Claimholders, (II) Approving the Terms of*
9 *Settlement with Such Consenting Subrogation Claimholders, Including, the Allowed Subrogation*
10 *Claim Amount, and (III) Granting Related Relief* [Docket No. 3992] (the “**Motion**”) filed by
11 Debtors PG&E Corporation and Pacific Gas and Electric Company.¹

12 **JURISDICTION**

13 The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the
14 *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D.
15 Cal.), and Bankruptcy Local Rule 5011-1(a). This is a core proceeding pursuant to 28 U.S.C. §
16 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

17 **BACKGROUND**

18 The Ad Hoc Subrogation Group represents holders of approximately \$20 billion in
19 Subrogation Claims that were compromised in a settlement with PG&E now submitted to this Court
20 for approval. *See Fourth Amended Verified Statement of the Ad Hoc Group of Subrogation Claim*
21 *Holders Pursuant to Bankruptcy Rule 2019* [Docket No. 4228]. The Debtors filed the Motion on
22 September 24, 2019. On October 16, 2019, seven objectors put forth objections to the Motion; these
23 objections were based on the terms of RSA as well as California and bankruptcy law. A hearing on
24 the Motion is scheduled for October 23, 2019 at 10:00 a.m. (Pacific Time).

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26
27 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.
28

1 **OVERSIZE BRIEFING FOR THE OBJECTION IS WARRANTED**

2 Bankruptcy Local Rule 9013-1(c) provides that, “Unless the Court expressly orders otherwise,
3 the initial and response memoranda of points and authorities shall not exceed 25 pages of text, and
4 reply memorandum shall not exceed 15 pages of text.” B.L.R. 9013-1(c).

5 The Ad Hoc Subrogation Group submits that sufficient cause exists for the Court to allow
6 oversize briefing for the Reply. In response to the Motion, there have been seven separate objections
7 filed [Docket Nos. 4220, 4231, 4232, 4236, 4237, 4239, 4241] as well as, in the case of the Official
8 Committee of Tort Claimants (the “**TCC**”), a declaration and exhibits, totaling to well over 100
9 pages. These objections raise a number of complex issues focused squarely on the Ad Hoc
10 Subrogation Group, including allegations that the Subrogation Claims must be subordinated to
11 wildfire claims, the settlement violates the Ad Hoc Subrogation Group’s ongoing duties of good faith
12 and California Insurance Regulations, and the settlement includes impermissible non-debtor releases.
13 Responding to these objections will require not only an examination and explanation of certain
14 crucial sections of the RSA, but also a review of relevant California and federal bankruptcy law. An
15 omnibus response to these objections will thus necessitate the filing of an oversized brief. Moreover,
16 given the significance of the settlement, the Ad Hoc Subrogation Group, which has not yet been
17 heard from on these matters, should have a full and fair opportunity to explain why the settlement
18 should be approved. Accordingly, the Ad Hoc Subrogation Group believes it is appropriate to request
19 authority for the Reply to exceed the 15 pages allowed under Bankruptcy Local Rule 9013-1(c).

20 **NOTICE**

21 Notice of this Application will be provided to (i) the Office of the United States Trustee
22 for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (ii) the Securities and
23 Exchange Commission; (iii) the Internal Revenue Service; (iv) the Office of the California Attorney
24 General; (v) the California Public Utilities Commission; (vi) the Nuclear Regulatory Commission;
25 (vii) the Federal Energy Regulatory Commission; (viii) the Office of the United States Attorney for
26 the Northern District of California; (ix) counsel for the agent under the Debtors’ debtor in
27 possession financing facility; (x) the California Governor's Office of Emergency Services and
28

1 California Department of Veteran Affairs; (xi) BOKF, NA; (xii) counsel to the TCC; (xiii) counsel
2 to the Counsel to the Official Committee of Unsecured Creditors; and (xiv) those persons who have
3 formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule
4 2002. The Ad Hoc Subrogation Group respectfully submits that no further notice is required.

5 No previous request for the relief sought herein has been made by the Ad Hoc Subrogation
6 Group to this or any other court.

7 WHEREFORE, the Ad Hoc Subrogation Group respectfully requests entry of an order
8 authorizing the Ad Hoc Subrogation Group to exceed 15 pages, but not to exceed 30 pages
9 (exclusive of any schedules or exhibits thereto and/or any declarations filed in connection
10 therewith), and such other and further relief as the Court may deem just and appropriate.

11
12 Dated: October 21, 2019

13
14 **WILLKIE FARR & GALLAGHER LLP**

15 /s/ Benjamin P. McCallen

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